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## NET-A-GO TECHNOLOGY COMPANY LIMITED

### 網譽科技有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1483)

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

### RESULTS

The Board of Directors announces the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2022 together with the comparative figures for the immediately preceding year as follows:

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

		Year ended 31 December	
		2022	2021
	Note	HK\$'000	HK\$'000
Revenue	4	262,271	332,047
Cost of revenue	5	(214,414)	(250,195)
<b>Gross profit</b>		<b>47,857</b>	81,852
General and administrative expenses	5	(191,498)	(70,808)
Net impairment loss on trade receivables and contract assets	5	(12,474)	(626)
Other income		9,869	790
Other (loss)/gain – net		(18,383)	40,142
<b>Operating (loss)/profit</b>		<b>(164,629)</b>	51,350
Finance income		2,096	5,793
Finance costs		(642)	(64)
Finance income – net		1,454	5,729
<b>(Loss)/profit before income tax</b>		<b>(163,175)</b>	57,079
Income tax credit/(expense)	6	3,223	(8,782)
<b>(Loss)/profit for the year</b>		<b>(159,952)</b>	48,297

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

*FOR THE YEAR ENDED 31 DECEMBER 2022*

	Year ended 31 December		
	2022	2021	
	<i>Note</i>	<i>HK\$'000</i>	
	<i>HK\$'000</i>	<i>HK\$'000</i>	
<b>Other comprehensive (loss)/income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Currency translation differences	(29,038)	14,437	
<b>Total comprehensive (loss)/income for the year</b>	<b>(188,990)</b>	<b>62,734</b>	
<b>(Loss)/profit attributable to:</b>			
Equity holders of the Company	(157,410)	37,615	
Non-controlling interests	(2,542)	10,682	
	<b>(159,952)</b>	<b>48,297</b>	
<b>Total comprehensive (loss)/income attributable to:</b>			
Equity holders of the Company	(177,211)	48,439	
Non-controlling interests	(11,779)	14,295	
	<b>(188,990)</b>	<b>62,734</b>	
<b>(Loss)/earnings per share for (loss)/profit attributable to the ordinary equity holders of the Company (expressed in Hong Kong cents per share)</b>			
Basic	7(a)	(20 cents)	5 cents
Diluted	7(b)	(20 cents)	5 cents

**CONSOLIDATED BALANCE SHEET**  
AS AT 31 DECEMBER 2022

		As at 31 December	
		2022	2021
	Note	HK\$'000	HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		37,341	62,347
Investment properties		79,932	100,050
Right-of-use assets		2,672	896
Goodwill	12	–	115,428
Intangible assets	12	35,594	24,282
Restricted cash		2,369	2,588
Non-current deposits		470	718
Contract assets	4	18,062	20,219
Deferred income tax assets		5	315
		<u>176,445</u>	<u>326,843</u>
Total non-current assets		176,445	326,843
<b>Current assets</b>			
Financial assets at fair value through profit or loss	13	185,699	96,609
Contract assets	4	–	12,407
Inventories		19,446	–
Trade receivables, net	9	186,468	134,475
Deposits, prepayments and other receivables		31,979	36,977
Restricted cash		9	7,688
Cash and cash equivalents		81,911	233,608
		<u>505,512</u>	<u>521,764</u>
Total current assets		505,512	521,764
<b>Total assets</b>		<b><u>681,957</u></b>	<b><u>848,607</u></b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital		7,950	7,950
Share premium		628,837	628,837
Reserves		(256,156)	(83,073)
		<u>380,631</u>	<u>553,714</u>
<b>Non-controlling interests</b>		<b><u>92,107</u></b>	<b><u>102,487</u></b>
		<u>472,738</u>	<u>656,201</u>

**CONSOLIDATED BALANCE SHEET (CONTINUED)**  
*AS AT 31 DECEMBER 2022*

		<b>As at 31 December</b>	
		<b>2022</b>	2021
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		1,820	247
Deposits received		412	341
Deferred income tax liabilities		32,958	39,131
		<u>35,190</u>	<u>39,719</u>
Total non-current liabilities		35,190	39,719
<b>Current liabilities</b>			
Bank borrowings		11,195	–
Trade payables	10	44,149	25,156
Accruals, provisions and other payables		46,526	56,210
Deposits received		2,812	530
Consideration payable		59,604	60,293
Lease liabilities		1,096	715
Current income tax liabilities		8,647	9,783
		<u>174,029</u>	<u>152,687</u>
Total current liabilities		174,029	152,687
<b>Total liabilities</b>		<u>209,219</u>	<u>192,406</u>
<b>Total equity and liabilities</b>		<u>681,957</u>	<u>848,607</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

Net-a-go Technology Company Limited (the “Company”) was incorporated in the Cayman Islands on 20 June 2013 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The address of the Company’s registered office is P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands. The Company’s principal place of business is located at Suite 1201, 1111 King’s Road, Taikoo Shing, Hong Kong.

The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company is an investment holding company and its subsidiaries (collectively, the “Group”) are principally engaged in environmental maintenance business, property leasing, securities trading business and others.

These consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand (HK\$’000) unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of directors on 31 March 2023.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The consolidated financial statements are for the Group consisting of Net-a-go Technology Company Limited and its subsidiaries.

### 2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and financial assets at fair value through profit or loss, which are carried at fair values.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies.

**(a) Amended standards and accounting guideline adopted by the Group**

The Group has applied the following amended standards and accounting guideline for the first time for their annual reporting period commencing 1 January 2022:

Annual Improvements Project	Annual Improvements 2018-2020 Cycle
Amendments to Hong Kong Accounting Standards (“HKAS”) 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Accounting Guideline 5 (Amendments)	Merger Accounting for Common Control Combinations

The amended standards and accounting guideline listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**(b) New, amended standards and interpretations not yet adopted by the Group**

		<b>Effective for annual periods beginning on or after</b>
HKFRS 17	Insurance Contract	1 January 2023
HKFRS 17	Amendments to HKFRS 17	1 January 2023
HKFRS17	Initial Application of HKFRS 17 and HKFRS 9 - Comparative Information	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sales and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The above new, amended standards and interpretations to existing standards have been published that are not mandatory for the annual reporting periods commencing 1 January 2022 and have not been early adopted by the Group. These new, amend standards and amendments to existing standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions. The Group intends to adopt the above new, amended standards and interpretations to existing standards when they become effective.

### 3 SEGMENT INFORMATION

The Chief operating decision maker (“CODM”) has been identified as the executive directors of the Company who review the Group’s internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

The Group engaged in four operating segments namely, Environmental maintenance business, Property leasing business, Securities trading business, and Others. The executive directors of the Company assess the business performance based on a measure of operating results. Information reported to the CODM for the purposes of resources allocation and performance assessment focuses on the operation results of the Group as a whole as the Group’s resources are integrated.

The Group’s reportable segments under HKFRS 8 for continuing operations are as follows:

- (i) Environmental maintenance business
- (ii) Property leasing business
- (iii) Securities trading business
- (iv) Others

The “Others” business segment consists of the financials of manufacturing and selling of medical devices business, selling of cosmetics business and selling of frozen meat business.

#### Segment revenue and results

The following is an analysis of the Group’s revenue and results by reportable and operating segment:

	Environmental maintenance business		Property leasing business		Securities trading business		Others		Total	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
<b>Segment revenue</b>										
External revenue	247,348	325,957	3,302	3,133	72	2,957	11,549	–	262,271	332,047
Finance cost	(453)	–	–	–	–	(64)	(189)	–	(642)	(64)
Segment (loss)/profit	(94,750)	30,065	(28,402)	600	87	30,406	(26,545)	–	(149,610)	61,071
Finance income									2,096	5,793
Unallocated corporate expenses									(15,661)	(9,785)
(Loss)/profit before income tax									(163,175)	57,079

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment (loss)/profit represents the profit earned or loss incurred by each segment without allocation of central administration costs, directors' emoluments and finance income. This is the measure reported to the CODM for purposes of resources allocation and performance assessment.

### Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	Environmental maintenance business		Property leasing business		Securities trading business		Others		Total	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
<b>Segment assets</b>	<b>268,283</b>	<b>378,392</b>	<b>80,188</b>	<b>137,529</b>	<b>205,898</b>	<b>97,865</b>	<b>44,377</b>	<b>-</b>	<b>598,746</b>	<b>613,786</b>
Cash and cash equivalents									<b>81,911</b>	233,608
Deferred income tax assets									<b>5</b>	315
Other unallocated corporate assets									<b>1,295</b>	898
<b>Total assets</b>									<b>681,957</b>	<b>848,607</b>
<b>Segment liabilities</b>	<b>88,599</b>	<b>76,064</b>	<b>1,202</b>	<b>1,878</b>	<b>38</b>	<b>3,601</b>	<b>14,557</b>	<b>-</b>	<b>104,396</b>	<b>81,543</b>
Deferred income tax liabilities									<b>32,958</b>	39,131
Consideration payable									<b>59,604</b>	60,293
Current income tax liabilities									<b>8,647</b>	9,783
Other unallocated liabilities									<b>3,614</b>	1,656
<b>Total liabilities</b>									<b>209,219</b>	<b>192,406</b>

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than certain plant and equipment and right-of-use assets, cash and cash equivalents, certain deposits and prepayment, other receivables and deferred income tax assets.
- all liabilities are allocated to operating segments other than certain deposits received, accruals and other payables, consideration payable, current income tax liabilities and deferred income tax liabilities.



## Other segment information

	Environmental maintenance business		Property leasing business		Securities trading business		Others		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation of property, plant and equipment and right-of-use assets	15,182	14,672	83	64	176	672	1,629	-	17,070	15,408
Impairment of goodwill	91,701	-	18,357	-	-	-	19,054	-	129,112	-
Impairment of intangible assets	2,849	-	-	-	-	-	3,511	-	6,360	-
Impairment of property, plant and equipment	6,540	-	-	-	-	-	-	-	6,540	-
Amortisation of intangible assets	3,315	18,031	-	-	-	-	1,412	-	4,727	18,031
Fair value (loss)/gain on investments properties	-	-	(12,128)	1,874	-	-	-	-	(12,128)	1,874
Capital expenditure	2,367	26,790	-	-	-	-	-	-	2,367	26,790

## Geographical Information

The Group's operations are located in Hong Kong and Mainland China. Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
- Hong Kong	2,229	2,957	324	1,132
- Mainland China	260,042	329,090	176,121	325,711
Total	262,271	332,047	176,445	326,843

The Group had no inter-segment sales for the year ended 31 December 2021 and 2022.

For the year ended 31 December 2022, there are two (2021: one) external customers which individually contributed to more than 10% of revenue of the Group.

#### 4 REVENUE

An analysis of revenue, which is also the Group's turnover, is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Securities trading business:</b>		
Dividend and interest income	72	2,957
<b>Property leasing business:</b>		
Rental income	3,302	3,133
<b>Environmental maintenance business</b>		
Services income for provision of environmental maintenance services	247,348	325,957
<b>Others</b>		
Sales of medical devices	3,328	–
Sales of frozen meat	6,064	–
Sales of cosmetic products	2,157	–
<b>Total revenue</b>	<b>262,271</b>	<b>332,047</b>
<b>Timing of revenue recognition</b>		
– Over time	250,650	329,090
– At a point in time	11,621	2,957
	<b>262,271</b>	<b>332,047</b>

The Group has recognised the following revenue-related contract assets:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Contract assets</b>		
Classified under:		
– non-current assets	29,862	20,219
– current assets	–	12,407
Less: loss allowance	(11,800)	–
	<b>18,062</b>	<b>32,626</b>

As at 31 December 2022, contract assets were arisen from a service contract with a customer of its environmental maintenance business in which the Group has provided the relevant services with an agreed payment schedule of 8 years. Up to the date of this announcement, the Group has recognised accumulated revenue of HK\$32,626,000 (2021: HK\$32,626,000) in relation to this project. Since the Group has yet to receive audited project report from the customer as at respective year end date, the contract assets have yet to be converted to trade receivables as at 31 December 2022 (2021: same).

A provision for impairment of the Group's contract assets of HKD12,293,000 for the year ended 31 December 2022 (2021: Nil) was made based on individual impairment assessment carried out for the customer which have an impairment indicator.

## 5 EXPENSES BY NATURE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Amortisation of the intangible assets ( <i>Note 12</i> )	4,727	18,031
Auditors' remuneration		
– Audit services	1,872	1,728
– Non-audit services	–	–
Cost of environmental maintenance business	56,506	57,663
Cost of property leasing	215	516
Cost of sales of goods	9,125	–
Consultancy service fee	–	233
Depreciation – Property, plant and equipment	15,471	14,736
Depreciation – Right of use assets	1,599	672
Employee benefits expenses	144,878	191,672
Insurance	1,529	1,831
Legal and professional fee	1,887	2,454
Motor car expenses	3,276	4,270
Expenses related to short-term leases	1,535	1,850
Provision for loss allowance on trade receivables and contract assets	12,474	626
Repairs and maintenance	689	2,320
Security charges	274	1,068
Share-based payment expenses granted to consultants	5,883	9,602
Transportation charges	3,826	3,119
Utilities expenses	2,253	2,501
Write-off of property, plant and equipment	–	1,243
Impairment of property, plant and equipment	6,540	–
Impairment of goodwill ( <i>Note 12</i> )	129,112	–
Impairment of intangible assets ( <i>Note 12</i> )	6,360	–
Others	8,355	5,494
	<b>418,386</b>	<b>321,629</b>
Representing:		
Cost of revenue	214,414	250,195
General and administrative expenses	191,498	70,808
Net impairment loss on trade receivables and contract assets	12,474	626
	<b>418,386</b>	<b>321,629</b>

## 6 INCOME TAX CREDIT/(EXPENSE)

The amount of income tax credit/(expense) charged to the consolidated statement of comprehensive income represents:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Current income tax		
Hong Kong profit tax	–	–
PRC enterprise income tax	<b>(5,488)</b>	(9,454)
Deferred income tax credit	<u><b>8,711</b></u>	<u>672</u>
Income tax credit/(expense)	<u><b>3,223</b></u>	<u>(8,782)</u>

The Group is subject to income tax credit/(expense) on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

The Group is eligible to nominate one Hong Kong incorporated entity in the Group to be chargeable at the two tiered profits tax rates, whereby profits tax will be chargeable on the first HK\$2 million of assessable profits at 8.25% and assessable profits above the threshold will be subject to a rate of 16.5% Hong Kong profits tax of other Hong Kong incorporated entities in the Group has been provided for at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits.

No provision for Hong Kong profits tax has been made as the Group has no assessable profit arisen from Hong Kong for the year (2021: same). The applicable corporate income tax rate for the Group's PRC subsidiaries is 25% on the estimated assessable profits.

## 7 LOSS/EARNINGS PER SHARE

### (a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(Loss)/profit attributable to the ordinary equity holders of the Company used in calculating basic (loss)/earnings per share:	<u>(157,410)</u>	<u>37,615</u>
Weighted average number of ordinary shares in issue (thousands)	771,188	769,356
Basic (loss)/earnings per share	<u>(20 cents)</u>	<u>5 cents</u>

### (b) Diluted

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all dilutive potential ordinary shares.

For the year ended 31 December 2021, diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all dilutive potential ordinary shares outstanding assuming conversion of all dilutive potential ordinary shares. The Company has one type of dilutive potential ordinary shares which is the share options granted to consultants on 16 June 2021.

Calculation is performed for the share options in order to determine the number of shares that could have been acquired at fair value, which is based on the monetary value of the subscription rights attached to outstanding share options.

For the year ended 31 December 2022, the diluted loss per share equals the basic loss per share since the vesting of the share options under the share option scheme of the Company would not have a dilutive effect on the loss per share.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(Loss)/profit attributable to the ordinary equity holders of the Company used in calculating basic (loss)/earnings per share:	<u><u>(157,410)</u></u>	<u><u>37,615</u></u>
Weighted average number of ordinary shares in issue (thousands)	771,188	769,356
Adjustments for share options (thousands)	<u>–</u>	<u>5,371</u>
Weighted average number of ordinary shares for diluted (loss)/earnings per share (thousands)	<u><u>771,188</u></u>	<u><u>774,727</u></u>
Diluted (loss)/earnings per share	<u><u>(20 cents)</u></u>	<u><u>5 cents</u></u>

## 8 DIVIDENDS

The directors do not recommend the payment of final dividends for the year ended 31 December 2022 (2021: Nil).

## 9 TRADE RECEIVABLES, NET

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	187,268	135,101
Less: loss allowance	<u>(800)</u>	<u>(626)</u>
Trade receivables, net	<u><u>186,468</u></u>	<u><u>134,475</u></u>

The ageing analysis of trade receivables, net based on invoice date is as follows:

	<b>2022</b>	2021
	<b>HK\$'000</b>	<b>HK\$'000</b>
0 to 30 days	<b>16,494</b>	28,571
31 to 60 days	<b>14,502</b>	22,140
61 to 90 days	<b>14,881</b>	16,295
Over 91 days	<b>141,391</b>	68,095
	<b>187,268</b>	135,101
Less: loss allowance	<b>(800)</b>	(626)
Trade receivables, net	<b>186,468</b>	134,475

The credit periods granted by the Group to its customers for its environmental maintenance business and its tenants, are based on the agreed contract terms or subsequent mutual agreement, which range from 30 to 180 days. As at 31 December 2022 and 2021, the Group's trade receivables mainly comprised receivables from the Group's environmental maintenance business. They are related to customers for whom there was no recent history of default.

As at 31 December 2022, trade receivables with carrying amount of approximately HK\$33,530,000 were pledged as collateral for the bank borrowings of the Group.

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Movements of loss allowance for trade receivables are as follows:

	<b>2022</b>	2021
	<b>HK\$'000</b>	<b>HK\$'000</b>
At 1 January	<b>626</b>	–
Provision for loss allowance on trade receivable	<b>181</b>	626
Exchange difference	<b>(7)</b>	–
At 31 December	<b>800</b>	626

The carrying amounts of trade receivables approximate their fair values and are denominated in RMB. The maximum exposure to credit risk at the balance sheet date is the carrying values of trade receivables mentioned above. The Group does not hold any collateral as security.

## 10 TRADE PAYABLES

The ageing analysis of trade payables based on invoice date is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 30 days	12,757	9,011
31 to 60 days	5,925	2,854
61 to 90 days	3,254	2,497
91 to 120 days	4,519	1,179
Over 120 days	17,694	9,615
	<u>44,149</u>	<u>25,156</u>

The carrying amounts of trade payables approximate their fair values and are denominated in RMB.

## 11 BUSINESS COMBINATION

On 8 April 2022, Aerospace Huatai Environmental Protection Company Limited (“Aerospace Huatai”), a wholly owned subsidiary of the Company (the “Purchaser”) and Shanghai Benemae Pharmaceutical Corporation (“Benemae”, the “Vendor”), a company incorporated in the PRC with limited liability, and is wholly-owned by Mr. Sang Huiqing who is the brother of Mr. Sang Kongqiao entered into a sale and purchase agreement in which the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell 90% of the entire issued share capital of Shanghai Umitai Medical Technology Company Limited (“Umitai”), at aggregate consideration of RMB27,000,000 (equivalent to approximately HK\$31,649,000). Umitai is principally engaged in the production and research and development of self-injection medical devices. The completion of the agreement is subject to certain conditions precedent.

On 1 June 2022, upon the fulfillment of the conditions precedent set out in the sale and purchase agreement, the Group has completed the above acquisition. As a result of the acquisition, the Group plans to expand its business scope to other medical devices business in the PRC.



The following table summarises the consideration paid for the acquisition, the fair value of assets acquired and liabilities assumed at the acquisition date.

	2022 <i>HK\$'000</i>
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	193
Right-of-use assets	3,509
Intangible assets	24,209
Trade receivables	2,329
Deposits, prepayments and other receivables	91
Inventory	1,601
Cash and cash equivalents	2,500
Trade payables	(7,378)
Accruals, provisions and other payables	(2,215)
Contract liabilities	(841)
Lease liabilities	(3,952)
Deferred tax liabilities	(6,052)
	<hr/>
<b>Total identifiable net assets at fair values</b>	13,994
Non-controlling interest	(1,399)
	<hr/>
	12,595
	<hr/> <hr/>
<b>Purchase consideration</b>	31,649
	<hr/> <hr/>
Goodwill ( <i>Note 12</i> )	19,054
	<hr/> <hr/>

*Note:*

On 29 December 2022, Aerospace Huatai and the Benemae entered into a supplemental agreement to the Sale and Purchase Agreement pursuant to which both parties have agreed to adjust the consideration from RMB27,000,000 (equivalent to approximately HK\$31,649,000) to RMB21,500,000 (equivalent to approximately HK\$25,202,000). The consideration was adjusted downward due to the new wave of COVID-19 outbreak in the PRC since the second half of 2022, and the prolonged quarantine and lockdown restrictions imposed by the PRC Government. The operations and production schedule of the Umitai were adversely affected as a consequence.

An analysis of the cash flows in respect of the above acquisition is as follows:

	2022 HK\$'000
Total purchase consideration settled in cash	31,649
Less: refund of consideration payable	<u>(6,447)</u>
Cash outflow on the acquisition	<u><u>25,202</u></u>

Acquisition-related costs of HK\$80,000 have been charged to other expenses in the consolidated statement of comprehensive income for the year ended 31 December 2022.

None of the goodwill recognised is expected to be deductible for income tax purposes.

The revenue and net loss contributed by the newly acquired subsidiary and recognised in the consolidated statement of comprehensive income since 1 June 2022 are HK\$3,329,000 and HK\$2,583,000, respectively.

Had Umitai been consolidated from 1 January 2022, the Group's consolidated statement of comprehensive income would show pro-forma revenue of HK\$8,368,000 and loss for the year of HK\$2,412,000.

## 12 GOODWILL AND INTANGIBLE ASSETS

	<b>Goodwill</b> <i>HK\$'000</i>	<b>Customer backlog</b> <i>HK\$'000</i>	<b>Customer relationship</b> <i>HK\$'000</i>	<b>Patent</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>Year ended 31 December 2021</b>					
Opening net book amount	112,134	14,917	26,967	–	154,018
Amortisation charge	–	(14,702)	(3,329)	–	(18,031)
Exchange differences	3,294	(215)	644	–	3,723
Closing net book amount	<u>115,428</u>	<u>–</u>	<u>24,282</u>	<u>–</u>	<u>139,710</u>
<b>At 31 December 2021</b>					
Cost	119,219	48,509	34,661	–	202,389
Accumulated amortisation and impairment	(3,791)	(48,509)	(10,379)	–	(62,679)
Net book amount	<u>115,428</u>	<u>–</u>	<u>24,282</u>	<u>–</u>	<u>139,710</u>
<b>Year ended 31 December 2022</b>					
Opening net book amount	115,428	–	24,282	–	139,710
Acquisition of subsidiaries	19,054	–	–	24,209	43,263
Amortisation charge	–	–	(3,315)	(1,412)	(4,727)
Impairment	(129,112)	–	(2,849)	(3,511)	(135,472)
Exchange differences	(5,370)	–	(1,810)	–	(7,180)
Closing net book amount	<u>–</u>	<u>–</u>	<u>16,308</u>	<u>19,286</u>	<u>35,594</u>
<b>At 31 December 2022</b>					
Cost	134,377	–	33,074	24,209	191,660
Accumulated amortisation and impairment	(134,377)	–	(16,766)	(4,923)	(156,066)
Net book amount	<u>–</u>	<u>–</u>	<u>16,308</u>	<u>19,286</u>	<u>35,594</u>

During the year ended 31 December 2022, amortisation of intangible assets charged to the “general and administrative expenses” is HK\$4,727,000 (2021: HK\$18,031,000).

## Impairment assessments of Goodwill and intangible assets

Goodwill acquired through business combinations in previous and current years are allocated to cash generating units, namely New Fortune Holdings Limited and its subsidiaries (the “New Fortune Group”, which engages in property leasing business) cash generating unit (“CGU”), BYL Property Holdings Group Limited and its subsidiaries (the “BYL Group”, which engages in environmental maintenance business) CGU and Shanghai Umital Medical Technology Company Limited (“Umital”, which engages in manufacturing and trading of medical devices, CGU respectively, for impairment test. The recoverable amounts of the New Fortune Group CGU, BYL Group CGU and Umital CGU have been determined by reference to the value-in-use calculation, which are higher than their respective fair value less costs of disposal.

	<b>Opening</b>	<b>Addition</b>	<b>Impairment loss</b>	<b>Exchange difference</b>	<b>Closing</b>
<b>As at 31 December 2022</b>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Property leasing business – New Fortune Group CGU	19,253	–	(18,357)	(896)	–
Environmental maintenance business – BYL Group CGU	96,175	–	(91,701)	(4,474)	–
Medical devices business – Umital CGU	–	19,054	(19,054)	–	–
	<u>115,428</u>	<u>19,054</u>	<u>(129,112)</u>	<u>(5,370)</u>	<u>–</u>

### 13 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

The accounting policies for financial instruments have been applied to the line items below:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Assets as per consolidated balance sheet</b>		
Financial assets at FVPL		
Structured deposits ( <i>Note</i> )	160,128	–
Equity securities listed in Hong Kong	14,740	28,958
Equity securities listed outside Hong Kong	–	46,570
Unlisted equity investments	<u>10,831</u>	<u>21,081</u>
Financial assets at amortised cost		
Trade receivables, net	186,468	134,475
Deposits and other receivables	22,910	30,730
Restricted cash	2,378	10,276
Cash and cash equivalents	<u>81,911</u>	<u>233,608</u>
<b>Liabilities as per consolidated balance sheet</b>		
Financial liabilities at amortised cost		
Bank borrowings	11,195	–
Trade payables	44,149	25,156
Other payables	7,365	22,578
Deposits received	3,224	871
Consideration payable	59,604	60,293
Lease liabilities	<u>2,916</u>	<u>962</u>

Equities traded in China's equities market are "listed outside Hong Kong".

*Note:* During 2022, the Group has purchased structured deposits from a bank for terms varied from 1 month to 1 year. As the change in exchange rate of certain currencies will result a change in interest rate of the structured deposits, they were classified as financial assets at fair value through profit or loss in the consolidated balance sheet.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS AND OPERATIONAL REVIEW**

During the year, the Group invested in three new businesses which are related to manufacturing and sales of medical devices, sales of cosmetics products, and sales of frozen meat. Information reported to the CODM for the purposes of resources allocation and performance assessment, focuses on the results of the Group's operating segments.

The Group's reportable segments are as follows:

- (i) Environmental maintenance business
- (ii) Property leasing business
- (iii) Securities trading business
- (iv) Others

The "Others" business segment consists of the financials of manufacturing and sales of medical devices, sales of cosmetics and sales of frozen meat.

The Group recorded a revenue of approximately HK\$262,271,000 for the Year, compared to a revenue of approximately HK\$332,047,000 for the year ended 31 December 2021, representing a decrease of approximately 21.0%. The gross profit ratio for the Year was approximately 18.2%, which was lower than gross profit ratio of approximately 24.7% for the year ended 31 December 2021. The drop in revenue and gross profit ratio were mainly attributable to (i) a decrease in the project numbers from the environmental maintenance business as certain contracts with high gross profit margin were completed, and (ii) the increase in operating costs such as labour costs, gasoline and diesel fuel.

Gross profit for the Year amounted to approximately HK\$47,857,000 (2021: approximately HK\$81,852,000). After taking into account of the general and administrative expenses, other income and net other gain, net finance income, income tax credit/(expenses) and other comprehensive (loss)/income, the Group recorded total comprehensive loss attributable to the equity holders of the Company of approximately HK\$177,211,000 (2021: Income of approximately HK\$48,439,000).

## **Environmental Maintenance Business**

The environmental maintenance business is headquartered in Chengdu, and is penetrating into other regions in the PRC such as Xinjiang Autonomous Region, Hebei Province and Inner Mongolia Autonomous Region. Its scope of services mainly includes (i) janitorial services for public areas in cities; (ii) classification management of solid waste, bulky garbage and food waste; and (iii) facility maintenance management of refuse collection points.

During the Year, the environmental maintenance business recorded a revenue of approximately HK\$247,348,000, compared to a revenue of approximately HK\$325,957,000 for the year ended 31 December 2021. The performance of environmental maintenance business experienced a considerable decline in 2022 compared to the previous year, as the new wave of COVID-19 outbreak had a severe impact on the mainland territory resulting in temporary lock down in several cities. The management exercised caution and was prudent to bid new projects, which resulted in decrease in revenue as there were no new projects secured in 2022.

As of 31 December 2022, the Group had a total of 11 (2021: 21) environmental maintenance service contracts in progress with the total contract amount of approximately RMB584,560,000 (31 December 2021: RMB730,000,000) for the remaining contract term.

## **Property Leasing Business**

During the Year, the Group recorded a rental income of approximately HK\$3,302,000 for the leasing of an office in Beijing (2021: approximately HK\$3,133,000).

## **Securities Trading Business**

During the Year, the Group invested in the security markets with a more conservative manner. The Group which disposed of various listed equity securities and arranged for various principal protected deposits with a bank in HK to receive safe and stable return.

For the Year, the Group recorded a loss on disposal of financial assets at fair value through profit or loss in the amount of approximately HK\$2,884,000 (2021: gain of HK\$59,409,000) and a fair value loss of financial assets at fair value through profit and loss in the amount of approximately HK\$2,692,000 (2021: HK\$22,325,000), both of which were classified as “Other (loss)/gain-net” in the consolidated statement of comprehensive income.

The table below sets forth the performance of different financial assets during the Year:

Nature of financial assets	Name of the underlying company	Remarks	Value as at 1 January 2022 HK\$'000	Investment during the year HK\$'000	Disposal during the year HK\$'000	Interest receivable HK\$'000	Realised gain/(loss) for the year HK\$'000	Unrealised fair value gain/(loss) for the year HK\$'000	Market value as at 31 December 2022 HK\$'000	Size relative to total assets as at 31 December 2022
Unlisted Equity Investments	Pentamount Global SPC – Global Income SP	<i>a</i>	21,081	–	(10,075)	–	–	(175)	10,831	1.6%
Hong Kong Listed Equity Securities	Various listed companies in HK	<i>b</i>	28,958	14,378	(20,640)	–	(4,410)	(3,546)	14,740	2.2%
PRC Listed Equity Investment	A Listed money market fund in PRC	<i>c</i>	46,570	–	(46,094)	–	(476)	–	–	–
Unlisted structured deposits	A bank in HK	<i>d</i>	–	159,098	–	1,030	–	–	160,128	23.5%
			<u>96,609</u>						<u>185,699</u>	

- a. The unlisted equity investments represented the investment in Pentamount Global SPC – Global Income SP in 2021. The investment objective of the segregated portfolio is to maximize capital appreciation by investing a wide range of instruments mainly in listed bond.
- b. The fair value of the listed equity securities is determined based on a quoted market bid price from the Stock Exchange.
- c. The fund is an open-end money market fund. The fund was approved by the China Securities Regulatory Commission and was listed on the Shanghai Stock Exchange since 28 January 2013. The fair value of the fund is determined based on a quoted market bid price from the Shanghai Stock Exchange. For details please refer to the announcement of the Company dated 14 January 2022.
- d. During the Year, the Company has entered five principal protected deposits (“Deposits”) with Industrial and Commercial Bank of China (Asia) Limited for an aggregate amount of approximately HK\$159,098,000 for terms ranged from 1 month to 1 year, with interest rate ranged from 3.00% to 5.05%. As the change in exchange rate of certain currency will result a change in interest rate of the Deposits, the Deposits were classified as financial assets at fair value through profit or loss.

## Manufacturing and Sales of medical devices business

On 1 June 2022, the Group completed the acquisition of Shanghai Umitai Medical Technology Co. Ltd (“Umitai”). As a result of the acquisition, the Group expands its business scope to medical devices business in the PRC. Umitai is principally engaged in the production and sales of self-injection medical devices, and it has generated approximately HK\$3,328,000 revenue to the Group during the Year.

## Sales of frozen meat business

In August 2022, the Company started to engage in the frozen meat trading business in the PRC consists of sourcing overseas frozen meat through local wholesalers to restaurants in the PRC. Since then, it has generated approximately HK\$6,064,000 revenue to the Group during the Year.



## Selling of cosmetics products business

In October 2022, the Company started to engage in the local cosmetics trading business consists of sourcing overseas and local cosmetics products to e-commerce platform companies and direct customers. Since then, it has generated approximately HK\$2,157,000 income to the Group during the Year.

## FINANCIAL REVIEW

### Revenue

An analysis of the Group's revenue for the years ended 31 December 2022 and 31 December 2021 is as follows:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Securities trading business</b>	<b>72</b>	2,957
<b>Property leasing business</b>	<b>3,302</b>	3,133
<b>Environmental maintenance business</b>	<b>247,348</b>	325,957
<b>Others</b>		
Sales of medical devices	<b>3,328</b>	-
Sales of frozen meat	<b>6,064</b>	-
Sales of cosmetics products	<b>2,157</b>	-
<b>Total revenue</b>	<b><u>262,271</u></b>	<b><u>332,047</u></b>

### *Cost of Revenue*

The cost of revenue mainly comprised of service fees to workers, material consumed, depreciation on machinery and motor vehicles, motor vehicles expenses and utilities expenses from the environmental maintenance business. Cost of revenue for the Year amounted to approximately HK\$214,414,000 (2021: HK\$250,195,000), representing an decrease of approximately 14.3% as compared to last year. The decrease in cost of revenue is in line with the decrease of revenue from the environmental maintenance business.

### ***General and administrative expenses***

The Group's general and administrative expenses mainly consisted of (i) employee benefits expenses for staff; (ii) legal and professional fee; (iii) share-based payment expenses; and (iv) other administrative expenses, which amounted to approximately HK\$191,498,000 (2021: approximately HK\$70,808,000), representing an increase of approximately 170.4% compared to last year. The increase in general and administrative expenses was mainly caused by the impairment of goodwill in the amount of approximately HK\$129,112,000 (2021: Nil) and impairment of intangible assets in the amount of approximately HK\$6,360,000 (2021: Nil).

### ***Employee benefit expenses***

The Group had 1,000 staff and 1,192 labour, total 2,192 employees as at 31 December 2022 (31 December 2021: 902 staff and 3,788 labour, total 4,690 employees). The decrease in the number of employees is in line with the decrease of revenue from the environmental maintenance business. Total employee benefits expenses for the Year amounted to approximately HK\$144,878,000 (2021: HK\$191,672,000) representing a decrease of approximately 24.4% compared to last year. The decrease in employee benefits expenses was mainly because of the decrease of number of labour. The Group would regularly review the work allocation of the staff to improve and maintain a high quality of service.

### ***Fair value gain of investment properties and relevant impairment of goodwill in relation to New Fortune Group***

Upon acquisition of New Fortune Holdings Group Limited (裕祥控股集團有限公司) which holds certain investment properties and engages in property leasing business, the Group recognised goodwill of approximately HK\$20,920,000 upon completion on 30 June 2017. The Group assesses at the end of each reporting period whether there are any indications that an asset maybe impaired.

After considering the valuation of investment property as at 31 December 2022, which was performed by an independent professional valuer, the Group recognised a fair value loss on investment properties amounted to approximately HK\$12,128,000. This amount was classified as "Other (loss)/gain – net" in the consolidated statement of comprehensive income (2021: Fair value gain of approximately HK\$1,874,000).

The directors determined that, after having made all reasonable and careful enquiries, the valuation methods, basis and key assumptions applied in the valuation of the investment properties held by the New Fortune Group CGU, a provision for impairment loss on the New Fortune Group CGU in the amount of HK\$18,357,000 is required (2021: Nil) and was classified as “General and administrative expenses” in the consolidated statement of comprehensive income.

***Amortisation expenses and impairment expenses in relation to the acquisition of BYL Group***

Upon acquisition of the BYL Group in 2018, the Group recognised goodwill, intangible assets for customer relationship and intangible assets for customer backlog. The Group assesses at the end of each reporting period whether there are any indications that goodwill maybe impaired, while intangible assets for customer relationship and intangible assets for customer backlog are to be amortised over a period of 10 years and 3 years respectively.

The carrying amount of such goodwill, intangible assets for customer relationship and intangible assets for customer backlog are approximately HK\$96,175,000, HK\$24,282,000 and HK\$0 respectively as at 31 December 2021. Management had performed an impairment assessment on goodwill and other intangible assets as at 31 December 2022 in relation to the BYL Group, with reference to a business valuation on BYL Group performed by an independent professional valuer. As such, an impairment of respective goodwill amounted to approximately HK\$91,701,000 (2021: Nil), impairment of intangible assets for customer relationship amounted to approximately HK\$2,849,000 (2021: Nil), and an amortization expense in intangible assets for customer relationship amounted to approximately HK\$3,315,000 (2021: HK\$3,329,000) were recognised and classified as “General and administrative expenses” in the consolidated statement of comprehensive income.

***Amortisation expenses and impairment expenses in relation to the acquisition of Umitai***

Upon acquisition of Umitai, the Group recognised goodwill and intangible assets for patent in the amount of approximately HK\$19,054,000 and HK\$24,209,000 during the Year. The Group assesses at the end of each reporting period whether there are any indications that goodwill maybe impaired, while intangible assets for patent is to be amortised over a period of 10 years.

Umitai's performance had fallen short of the Group's expectation due to the new wave of COVID-19 outbreak in the PRC since the second half of 2022. Hit by the prolonged quarantine as well as the lockdown restrictions imposed by the PRC Government, the operations and production schedule of Umitai were adversely affected.

Management had performed an impairment assessment on goodwill and other intangible assets as at 31 December 2022 in relation to Umitai, with reference to a business valuation on Umitai performed by an independent professional valuer.

During the Year, an impairment of respective goodwill amounted to approximately HK\$19,054,000, an impairment of intangible assets for patent amounted to approximately HK\$3,511,000, and an amortization expense in intangible assets for patent amounted to approximately HK\$1,412,000 were recognised and classified as "General and administrative expenses" in the consolidated statement of comprehensive income.

## **Liquidity, Financial Resources and Capital Resources**

### ***Capital structure***

The Group's objectives for managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the Group monitors its capital on the basis of the gearing ratio. The Group's strategy, which was unchanged during the year ended 31 December 2021, was to lower the gearing ratio to an acceptable level.

### ***Cash position and restricted cash***

As at 31 December 2022, the Group's cash and cash equivalents were approximately HK\$81,911,000, representing a decrease of 64.9% as compared to approximately HK\$233,608,000 as at 31 December 2021. As at 31 December 2022 the Company has entered five principal protected deposits with ICBC (the "Deposits") for an aggregate equivalent amount of approximately HKD159,098,000 for terms varied from 1 month to 1 year. As the change in exchange rate of certain currency will result a change in interest rate of the Deposits, the Deposits were classified as Financial assets at fair value through profit or loss in the consolidated balance sheet, which led to the decrease of the Group's cash and cash equivalents as at 31 December 2022.

Restricted cash in the amount of approximately HK\$9,000 were pledged as performance guarantee of various projects from the environmental maintenance business as at 31 December 2022 (2021: HK\$7,688,000).

### ***Trade receivables***

As at 31 December 2022, the Group's trade receivables were approximately HK\$186,468,000 (2021: HK\$134,475,000). The increase in trade receivables were arose from the continuing growth of the environmental maintenance business across various regions in the PRC.

### ***Gearing ratio***

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as consideration payables, loans from a shareholder, borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt. As at 31 December 2022 and 31 December 2021, the Group is at a net cash position, hence, no gearing ratio is disclosed.

### ***Dividends***

The directors do not recommend payment of final dividends in respect of the year ended 31 December 2022 (2021: Nil).

## **SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES AND PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS**

### **Completion of Acquisition of Medical Devices Business**

On 8 April 2022, Aerospace Huatai Environmental Protection Co., Ltd.\* ("Aerospace Huatai"), an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with Shanghai Benemae Pharmaceutical Corporation ("Benemae"), pursuant to which Aerospace Huatai has conditionally agreed to acquire, and Benemae has conditionally agreed to sell 90% of the equity interests in the Umitai at a total Consideration of RMB27,000,000 (equivalent to approximately HK\$33,067,972). (the "2022 Acquisition").

The 2022 Acquisition was completed on 31 May 2022. Upon the completion, the Target Company becomes an indirect non wholly-owned subsidiary of the Company. The financial results of the Target Company will be consolidated into the financial statements of the Group.

On 29 December 2022, the Aerospace Huatai and the Benemae entered into a supplemental agreement to the sale and purchase agreement pursuant to which the both parties have agreed to adjust the consideration from RMB27,000,000 (equivalent to approximately HK\$31,649,000) to RMB21,500,000 (equivalent to approximately HK\$25,202,000). The consideration was adjusted downward due to the new wave of COVID-19 outbreak in the PRC since the second half of 2022, and the prolonged quarantine and lockdown restrictions imposed by the PRC Government. The operations and production schedule of the Umitai were adversely affected as a consequence.

For details, please refer to the announcements of the Company dated 8 April 2022, 31 May 2022 and 29 December 2022.

Save as disclosed above, there is no plan for material investments or capital assets as at 31 December 2022.

### **Change in Use of Proceeds from the Placing**

Reference is made to (i) the announcement of the Company dated 23 March 2021 in relation to the 2021 Share Placing; (ii) the announcement of the Company dated 15 April 2021 in relation to the completion of the 2021 Share Placing; and (iii) the announcement of the Company dated 30 April 2021 in relation to the termination of the memorandum of understanding (the “MOU”) for a possible acquisition and capital injection into Beijing Yunling Technology Co., Ltd. (北京雲聆科技有限公司) (the “Possible Acquisition”) (the “Termination Announcement”). The net proceeds received by the Company from the 2021 Share Placing (the “Net Proceeds”), after deducting the underwriting fees and commissions and other expenses payable by the Company in connection with the 2021 Share Placing, were approximately HK\$149,000,000.

As stated in the Termination Announcement, the MOU was terminated with effect from 30 April 2021 and the parties to the MOU decided not to proceed with the Possible Acquisition. The Board has therefore decided to apply the Net Proceeds for other possible investments in high-growth business in PRC which will generate a stable and constant stream of income to the Group and create long term value for the Shareholders.

Further reference is made to the announcement of the Company dated 8 April 2022, 4 July 2022 and 29 December 2022, the use of proceeds from the 2021 Share Placing were revised to (i) approximately HK\$41,700,000 will be used for funding the operating costs and expenses of the initial stages of the new environmental maintenance projects; (ii) approximately HK\$25,200,000 will be used for the 2022 Acquisition; (iii) approximately HK\$60,700,000 will be used for the development of meat trading business and further development of logistics chain business and (iv) the remaining portion of approximately HK\$21,900,000 will be used by the Company as general working capital of the Group.

### **Share Option**

The Share Option schemes of the Company was adopted pursuant to a resolution passed by the Company's shareholders on 19 November 2013 (the "2013 Scheme") and 16 June 2021 (the "2021 Scheme") for the primary purpose of providing eligible participants an opportunity to have a personal stake in the Company.

No options had been granted, exercised, lapsed or forfeited during the Year, and there were 40,000,000 options remained outstanding as at 31 December 2022 under the 2013 Scheme.

No options had been granted, exercised, lapsed or forfeited during the Year, and there were nil options remained outstanding as at 31 December 2022 under the 2021 Scheme.

### **USE OF PROCEEDS**

The Company has not conducted any equity fund raising activities during the Year and subsequently after 31 December 2022. The use of proceeds from the 2020 Subscriptions and 2021 Share Placing are updated as follows:

#### **Use of Proceeds from the 2020 Subscriptions**

Reference is made to the announcement of the Company dated 16 December 2019, 19 December 2019 and 7 January 2020 for the 2020 Subscription.

The net proceeds from the 2020 Subscription were approximately HK\$177,000,000 and the Company intends to apply the net proceeds in (i) the settlement of outstanding consideration payable for the acquisition of BYL Property Holdings Group Limited in 2018 ("Settlement of Consideration Payable") amounting to approximately HK\$74,571,000 as at 31 December 2019; and (ii) general working capital as to the remaining balance. Up to the date of this announcement, the Company had paid approximately HK\$13,920,000 for the Settlement of outstanding consideration payable, with the remaining balance to be utilised as intended. Approximately HK\$102,429,000 has been utilised as general working capital as intended. The Group has no intention to change the use of proceeds from the 2020 Subscriptions.

## Use of Proceeds from the 2021 Share Placing

Reference is made to the announcement of the Company dated 23 March 2021 and 15 April 2021 for the 2021 Share Placing.

The net proceeds from the 2021 Share Placing were utilized as follows:

	<b>Revised allocation of the Net Proceeds on 29 December 2022 HK\$ million</b>	<b>Utilised amount of the Net Proceeds as at the date of this announcement HK\$ million</b>	<b>Unutilised Net Proceeds as at the date of this announcement HK\$ million</b>
Operating costs and expenses of the initial stages of the new environmental maintenance projects	41.7	41.7	–
General working capital of the Group	21.9	21.9	–
Development of meat trading business and further development of logistics chain business	60.7	24.3	36.4 <i>(Note 1)</i>
Investment in the 2022 Acquisition	25.2 <i>(Note 2)</i>	25.2	–
	<hr/>	<hr/>	<hr/>
Total	<u>149.5</u>	<u>113.1</u>	<u>36.4</u>

*Note 1:* The unutilised amount is expected to be fully utilised by the end of 2023.

*Note 2:* On 29 December 2022, Aerospace Huatai and Benemae entered into a supplemental agreement to the sale and purchase agreement pursuant to which the both parties have agreed to adjust the consideration for the 2022 Acquisition from RMB27,000,000 (equivalent to approximately HK\$31,649,000) to RMB21,500,000 (equivalent to approximately HK\$25,202,000). The balance resulting from such adjustment of consideration was reallocate as general working capital of the Group.



## **PROSPECTS**

During the year, the Group invested three new businesses which is related to manufacturing and selling of medical devices business, selling of cosmetics products business, and selling of frozen meat business.

However, under the impact of various factors including complex external environment and continued sporadic domestic resurgences of COVID-19 pandemic in 2022, the PRC's economy faced tremendous pressure on recovery which restricted the expansion of our newly developed business.

Looking forward, the Group will continue to utilize its available resources to engage and develop its core business and newly developed businesses. Apart from the existing businesses, the Group will explore business opportunities in other industries such as high growth businesses in the PRC (including but not limited to high technology and internet business) that will flourish in the post-pandemic economic environment in order to generate a stable and constant stream of income to the Group and create long term value for our shareholder.

## **CORPORATE GOVERNANCE**

The Company has complied with the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the year. The Company has applied the principles of, and complied with, the applicable code provisions of the CG Code during the year ended 31 December 2022. The Board of the Company will keep reviewing and updating such practices from time to time to ensure compliance with legal and commercial standards.

Further information on the Company's corporate governance practices will be set out in the Corporate Governance Report contained in the Company's annual report for the year ended 31 December 2022, which will be sent to the shareholders in due course.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Group had adopted Appendix 10 of the Listing Rules (the “Model Code”) as its own code of conduct regarding directors’ securities transactions on terms no less exacting than the required standard of dealings.

Having made specific enquiries to all the directors and all the directors of the Company had confirmed compliance with the required standard of dealings and the code of conduct for directors’ securities transactions during the year ended 31 December 2022.

## **SCOP OF WORK OF PRICEWATERHOUSECOOPERS**

The figures in respect of the Group’s consolidated balance sheet, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Group’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

Except for the 1,730,000 ordinary shares of the Company acquired by the trustee of the 2022 Share Award Schemes, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the listed securities of the Company during the year.

## **AUDIT COMMITTEE REVIEW**

Pursuant to the requirements of the CG Code and the Listing Rules, the Company has established an audit committee (the “Audit Committee”) which comprises three independent non-executive directors. Mr. Lam Ka Tak is the chairman of the Audit Committee. The annual results for the year ended 31 December 2022 have been reviewed by the Audit Committee.

## **COMPETING BUSINESS**

During the year and up to the date of this announcement, the directors are not aware of any business or interest of the directors, the management of the Company and their respective associates (as defined under the Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

## **APPRECIATION**

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our customers, shareholders, bankers, and in turn the management and staff for their unreserved support for the Group during the year.

By Order of the Board  
**Net-A-Go Technology Company Limited**  
**Sang Kangqiao**  
*Chairman and Executive Director*

Hong Kong, 31 March 2023

*As at the date of this announcement, the Executive Directors are Mr. Sang Kangqiao, Mr. Xu Wenzhe and Mr. Cui Peng; and the Independent Non-executive Directors are Mr. Xu Zhihao, Mr. Lam Ka Tak and Mr. Wong Sincere.*